

Message Text

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EO 11652: NA

TAGS: EGEN, AS

SUBJ: JUNE 1976 QUARTER WAGE INDEXATION DECISION

1. CONCILIATION AND ARBITRATION COMMISSION ISSUED AUGUST 12 MUCH-AWAITED DECISION ON ADJUSTMENT OF AUSTRALIAN WAGE AWARDS IN LIGHT OF 2.5 PCT CPI INCREASE FOR CALENDAR QUARTER ENDING JUNE 30, 1976.

2. COMMISSION DECIDED TO ADOPT THREE-TIER INDEXATION, ESSENTIALLY CARRYING FORWARD "PLATEAU" INDEXATION APPROACH FIRST ADOPTED IN PREVIOUS DECISION FOR QUARTER ENDING MARCH 30, 1976. NEW DECISION PRESCRIBES FULL 2.5 PCT INCREASE FOR LOW END OF WAGE SCALE UP TO \$A98 PER WEEK, FLAT \$A2.50 CASH INCREASE FOR WAGES BETWEEN \$A98 AND \$A166 PER WEEK AND 1.5 PCT INCREASE FOR ALL RATES OVER \$A166 PER WEEK. BY COMPARISON, CURRENT AVERAGE WAGE IS \$A177 PER WEEK.

3. DURING RECENTLY COMPLETED HEARINGS BEFORE COMMISSION,
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GOVERNMENT HAD URGED PLATEAU INDEXATION WITH AWARD AT

HIGHER WAGE LEVELS LIMITED TO APPROXIMATELY ONE-THIRD OF 2.5 PCT CPI INCREASE, WHILE LABOR ADVOCATES URGED INDEXATION OF FULL 2.5 PCT FOR ALL WAGE LEVELS.

4. WHILE COMMISSION DECISION FOR TAPERED INCREASE OF 1.5 PCT AT HIGHER WAGE LEVELS REPRESENTED APPROXIMATELY DOUBLE TAPERED LEVEL URGED BY GOVERNMENT'S ADVOCATES ON BALANCE COMMISSION'S DECISION REPRESENTS SIGNIFICANT GAIN FOR GOVERNMENT'S OBJECTIVES. IT CONTINUES FOR SECOND QUARTER PRECEDENT-SETTING "PLATEAU" TYPE DECISION FIRST ADOPTED EARLIER THIS YEAR AND CONSEQUENTLY RAISES WAGE LEVEL BY LESS THAN AMOUNT OF CPI MOVEMENT, A STEP WHICH IS CONSISTENT WITH FRASER GOVERNMENT'S ANTI-INFLATION PRIORITY. MOREOVER, GOVERNMENT HAS BEEN URGING COMMISSION TO BROADEN ITS TERMS OF REFERENCE IN CONSIDERING INDEXATION PROPOSALS TO TAKE ACCOUNT NOT ONLY OF INDUSTRIAL PEACE OBJECTIVES, BUT ALSO OF STATE OF GENERAL ECONOMY AND PROBABLY EFFECT OF WAGE DECISION THEREON. IN PREAMBLE TO TODAY'S DECISION COMMISSION DID IN EFFECT ALLUDE AND ATTACH IMPORTANCE IN THIS CONTEXT TO SERIOUS CONDITION OF AUSTRALIAN ECONOMY.

5. CONGEN MELBOURNE WILL REPORT IN SEPTEL ON LABOR IMPLICATIONS AND EFFECT ON FUTURE OF INDEXATION POLICY.
HARGROVE

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